

Summary of some of the law changes affecting field audits for the period 1997 through the present.¹



(Maintaining complete files.)

Statutory Compliance

(Maintaining complete files)

1997 One-year retention requirement change for residential rental property management files. ARS § 32-2153(A)(17) & ARS § 32-2175(A)

1999 The licensing application for an employing or designated Broker's license now requires "The bank name and location of each of the broker's trust accounts, if any; and the name and number of the trust account." R4-28-302(A)(6)

2000 Information as to opening, closing or relocation of a broker's trust account must now be sent to the department in letter form, within 10 days of the change. R4-28-303(E)(3)(i)

(Maintaining employment records)

1997 Moved requirement to keep employment records 5 years from rules to statutes. ARS § 32-2151.01(A)

1999 If the original license is not returned, when making a change, a written explanation is required. R4-28-303(E)(6)

Sales Transaction Records

(Complete sales records.)

Disclosure that a licensee is acting as a principal must be made before any binding agreement. R4-28-1101(E)

2000: Real Estate employment agreements will include the terms of broker compensation and is defined as "...a written agreement by which a real estate broker is entitled to compensation for services..." ARS § 32-2151.02

(Reviewing, initialing and dating contracts.)

1999 Duties that a branch office manager is allowed to perform, if authorized in writing, is now spelled out. R4-28-304(B)

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Sales/Escrow and Property Management Trust Accounts

(Complete record maintained)

True copies of receipts and disbursements from the broker's trust account or property management trust account are required. R4-28-802(C)

Property Management Records

(Records are maintained for three years.)

Effective 7/22/99: ARS § 32-2175(B) Requires that records be kept by property managers as to "Finder Fees ...Paid to tenants". (Now allowed under provisions of ARS § 32-2176.

CHANGES NOT SHOWN ON THE AUDIT REPORT

1997: Revised temporary broker requirements now allow an unlicensed person and clarifies the purpose to close the office due to death or disability of the Designated Broker. ARS § 32-2133.

2000: The Department may determine qualifications for instructors at the real estate schools to teach this class. Instruction of *Advertising and Promotions, and Material Disclosures* will be added. Continuing Designated Brokers will retake the class every two years. ARS § 32-2136.

Note: Grounds for revocation, suspension or denial of license are listed in ARS § 32-2153(A)(1 -25); (B)(1-10). Twelve of the 35 reasons listed in the statute are covered under the audit procedures.